

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:7407
ANSWERED ON:15.05.2002
INCURRING OF EXTRA EXPENDITURE
ARUN KUMAR

Will the Minister of SHIPPING be pleased to state:

(a) whether CAG in its Report No. 4 of 2002 (Civil) in Paragraph 9.2 has brought out the fact of incurring of extra expenditure of Rs. 2.32 crore in the irregular acceptance of the revised higher offer of the second lowest tenderer after negotiations ; and

(b) if so, whether the matter has been enquired into and action taken against the persons concerned for entering into negotiations with the other bidder than the lowest ?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI SHRIPAD Y. NAIK)

(a)&(b) Para 9.2 of the C&AG Report No. 4 of 2002 pertains to incurring extra expenditure of Rs. 2.32 crores due to delay in evaluation of the lowest bids for the supply of tugs and pilot craft and irregular acceptance of the second lowest tenderer after negotiation. Tenders for supply of three Tugs and two Pilot Crafts for operation at the new Ennore Port were called by Chennai Port Trust. The Consultant proposed the lowest offer of M/s 'A' for 'Cycloidal Propulsion System' with a qualification stating that the offer was technically questionable as the bid did not satisfy the dynamic stability requirement and the tugs with 'Azimuth Propulsion' system, recommended the next higher offer of M/s 'B'. The Tender Committee preferred (June 1998) the Cycloidal Propulsion System , but sought a firm opinion from the Consultant on the stability aspects of the bid of M/s A, a Public Sector Enterprise. After obtaining all the additional information required, the Consultant, based on further information from the firm, finally recommended (26th June,1998) the offer of M/s 'A' for Rs. 52.32 crore. The Tender Committee accepted the recommendation of the Consultant and recommended placing order to M/s 'A' on 30.6.1998. The validity period for bids was 90 days i.e. upto 20.4.1998 which was extended by M/s 'A' on the request of the port for 60 days upto 20.6.1998, then 30 days upto 20.7.1998. When further extension of 30 days upto 20.8.1998 was sought, M/s 'A' expressed inability to extend their validity with the quoted price and increased their quoted price by 20% extra which tantamounted to post tender revision. As per conditions of bid document, bidders were neither required nor permitted to modify their bids. M/s 'A' were not competent to increase the price hence their offer was treated as invalid. Since the lowest tenderer (M/s 'A') refused to extend the validity of their offer on the existing terms, Chennai Port Trust negotiated with the next lowest offer in the interest of the project to avoid cost and time over run.